

Supporting Statement for the New Markets Tax Credit Program
Allocation Application (1559-0016)

A. Justification

1. Circumstances necessitating collection of information

Title I, subtitle C, section 121 of the Community Renewal Tax Relief Act of 2000 (the Act), as enacted by section 1(a)(7) of the Consolidated Appropriations Act, 2001 (Public Law No. 106-554, December 21, 2000), amended the Internal Revenue Code (IRC) by adding IRC Section 45D, New Markets Tax Credit. Pursuant to IRC section 45D, the Community Development Financial Institutions (CDFI) Fund implements the New Markets Tax Credit (NMTC) Program which will provide an incentive to investors in the form of a tax credit, which is expected to stimulate investment in private capital that, in turn, will facilitate economic and community development in low-income communities. In order to qualify for an allocation of tax credits under the NMTC Program an entity must be certified as a qualified community development entity and submit an allocation application to the CDFI Fund. Upon receipt of such applications, the CDFI Fund will conduct a competitive review process to evaluate applications for the receipt of NMTC allocations.

2. Method of collection and use of data

The data will be collected by voluntary submission of entities seeking tax credit allocations. The collected data will be used by the CDFI Fund to evaluate applicants based on specific criteria to select certain applicants for receipt of tax credit allocations.

3. Use of Information Technology

Applications will be made available at the CDFI Fund's website. The CDFI Fund will require that applicants submit allocation applications in an electronic format. Applicants without access to the requisite technology may submit a paper application by notifying the CDFI Fund using a form referred to in the application (see attached).

4. Efforts to identify duplication

The allocation application does not duplicate any other CDFI Fund or Federal program information-gathering tool.

5. Impact on small entities

This collection of information does not have a significant impact on small entities and it is voluntary.

6. Consequences of less frequent collection and obstacles to burden reduction

The CDFI Fund cannot provide tax credit allocations to CDEs and fulfill its statutory obligations without the submission of this application. The submission of the allocation application is voluntary.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Pursuant to the notice and request for comments published in the Federal Register on December 28, 2005, Volume 70, page number 76913, the CDFI Fund has received comments on the substantive requirements as well as the procedure by which an applicant may receive an allocation of NMTCs. The CDFI Fund has considered these comments in the development of the allocation application. The CDFI Fund has also considered these comments with a view towards minimizing burdens on applicants.

9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all Federal regulations with respect to confidentiality of information provided by NMTC Program allocation applicants. No other assurances of confidentiality have been provided.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in the application.

12. Estimate of the hour burden of information collection.

The total hour burden of this information collection is estimated at: 239 respondents annually (208 business and non-profit respondents; and 31 government and tribal respondents) x 1 response annually x 190 hours per respondent = 49,020. The median number of hours required to complete the 2008 application was 190 hours. In order to minimize applicant burden, the CDFI Fund limited the length of individual question responses to no more than 2 pages, and in some cases to no more than half page. Where it was deemed the CDFI Fund changed the format of some questions to ensure clarity of responses.

13. Estimate of total annual cost burden to respondents

There are no cost burdens to respondents to this collection of data. No purchase of equipment or services will need to be made by respondents for this information collection other than as required as a part of customary and usual business practices.

14. Estimate of annualized cost to the Government

The cost to the Government is the CDFI Fund staff and contractor time required to review the submitted applications, maintain the electronic application system and collect follow-up information from applicants.

15. Any program changes or adjustments

The number of respondents for each application round has varied with the amount of tax credit allocations available, i.e. the larger the amount of tax credit allocations available, the more respondents apply, and conversely, the smaller the amount of tax credit allocations available, the fewer respondents apply. For example, during the third allocation application round in 2005 the total amount of allocations available was only \$2 billion, and only 208 respondents applied, far below the 239 respondents that applied in the sixth allocation application round in 2008, for which the total amount of allocations available was \$3.5 billion. The total amount of allocations available for the seventh allocation application round in 2009 will be \$3.5 billion, thus it is likely that we will receive around the same amount of respondent applications (no more than 250 projected) for the 2009 allocation application round.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through the allocation application will not be published.

17. Reasons for not displaying expiration date of OMB approval

Not applicable.

18. Explanation of exceptions to certification statement

Not applicable.

B. Collections of Information Employing Statistical Methods

This section is not applicable.